

Memorandum

To: CHAIR AND COMMISSIONERS

CTC Meeting: June 27-28, 2012

Reference No.: 2.5e.(1)
Action Item

From: NORMA ORTEGA
Chief Financial Officer

Prepared by: Kurt Scherzinger
Acting Division Chief
Transportation Programming

Subject: **ALLOCATION FOR SUPPLEMENTAL FUNDS FOR PREVIOUSLY VOTED PROJECTS
RESOLUTION FA-11-25**

RECOMMENDATION:

The Department of Transportation (Department) recommends that the California Transportation Commission (Commission) approve Resolution FA-11-25, allocating an additional \$3,000,000 for the Placerville Operational Improvements Project (PPNO 3209) in El Dorado County.

ISSUE:

Additional funds are needed for the previously voted State Transportation Improvement Program (STIP) project in order to close out the construction contract.

RESOLUTION:

Resolved, that \$3,000,000 (\$1,500,000 Regional Improvement Program and \$1,500,000 Interregional Improvement Program), be allocated from the Budget Act Item of 2010, Budget Act Item 2660-301-0042, to provide additional funds for the project identified below.

Project	Dist-Co- Rte	Funds	Original Allocated Amount	Current Allocation	Allocation Adjustment	Revised Allocation	% Increase Above Current Allocation
1	03-Eld-50	STIP	\$25,997,000 ⁽¹⁾	\$36,828,000 ⁽²⁾	\$3,000,000⁽³⁾	\$39,828,000	8.1%
		Total	\$28,053,000	\$38,884,000	\$3,600,000	\$42,484,000	9.3%

Notes:

(1) Includes initial allocation and technical correction adding \$1,400,000 STIP to allocation.

(2) Includes initial allocation, supplemental allocation and G 12 adjustment.

(3) Includes \$1,500,000 RIP and \$1,500,000 IIP.

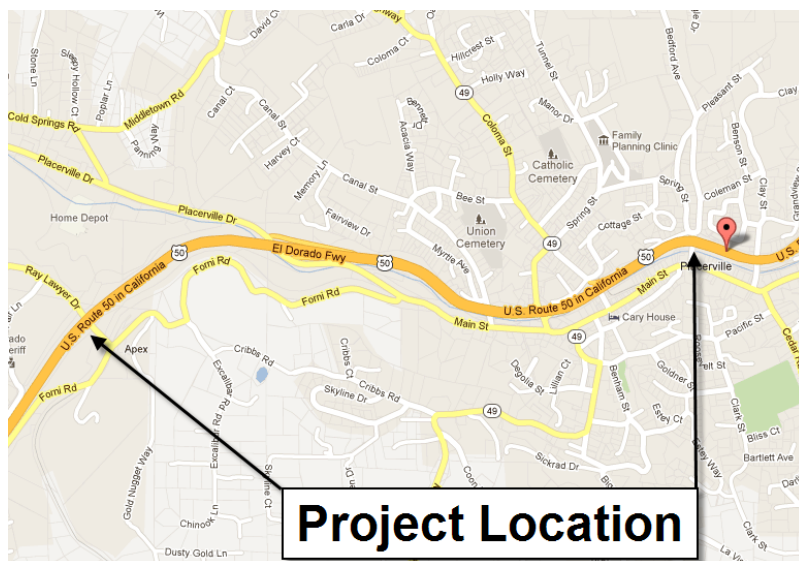
CHAIR AND COMMISSIONERS
CALIFORNIA TRANSPORTATION COMMISSION

Reference No.: 2.5e.(1)
June 27-28, 2012
Page 2 of 4

Project # Allocation Amount Recipient <u>RTPA/CTC</u> Dist-Co-Rte Postmile	Project Title Location Project Description	PPNO Budget Year Fund Type Program Codes Project ID	State Federal Current Amount by Fund Type	State Federal Additional Amount by Fund Type	State Federal Revised Amount by Fund Type
2.5e.(1) Supplemental Funds for Previously Voted Projects			Resolution FA-11-25		
1 \$3,000,000 Department of Transportation <u>El Dorado LTC</u> 03N-ED-50 16.7/18.1	Placerville - Lawyer Drive to Bedford Avenue. In Placerville from Lawyer Drive to Bedford Avenue. Operational improvements.	03-3209 RIP / 05-06 801-3008 TIF 20.20.075.400	\$20,005,000		\$20,005,000
	Initial Allocation: (09/05) \$24,597,000 Technical Correction: (11/05) \$ 1,400,000 Total Allocated Amount: \$25,997,000	RIP / 05-06 801-3008 TIF 20.20.075.600	\$8,983,000		\$8,983,000
	Delegated Supplemental (04/06) \$10,936,000 Revised Allocated Amount: \$36,933,000				
	G-12 Adjustment: (\$ 105,000)	IIP / 05-06 801-3008 TIF 20.20.025.700	\$7,840,000		\$7,840,000
	Total Current Allotment: \$38,884,000 (Includes \$2,056,000 from local sources.)				
	Total Revised Allotment: \$42,484,000 (Includes an additional \$600,000 from local sources.)	RIP / 10-11 301-0042 SHA 20.20.075.600		\$1,500,000	\$1,500,000
	Supplemental Funds needed to close out contract.	IIP / 10-11 301-0042 SHA 20.20.025.700 0300000415		\$1,500,000	\$1,500,000

RECOMMENDATION:

The Department recommends that this request for \$3,000,000 be approved to allow the Department to close out the construction contract.



PROJECT DESCRIPTION:

This project is located in El Dorado County on Route 50 from Ray Lawyer Drive to Bedford Avenue. The project constructed an additional eastbound lane on Route 50, a new local street connection from Main Street to Placerville Drive, plus various mainline signalization improvements and aesthetic enhancements.

FUNDING STATUS:

The Commission allocated \$24,597,000 of STIP funds to this project in September 2005. A subsequent technical correction to the allocation on November 2005 reprogrammed \$1,400,000 from R/W to construction for a total construction allocation of \$25,997,000. The lowest bidder was 42 percent above the engineers estimate. An additional \$10,936,000 was added to award the contract though a delegated supplemental allocation for a total construction allocation of \$36,933,000. An additional \$3,000,000 is now needed to close-out the contract.

REASONS FOR INCREASE:

At the conclusion of construction the Contractor claimed that the Department either withheld or provided misleading data regarding subsurface soil conditions. At the two locations discussed below the Contractor claimed that harder bedrock in greater quantities were encountered that resulted in additional costs and delays taking more time and effort to remove than was budgeted.

- West Placerville Drive Eastbound on-ramp. Soil samples taken for the adjacent bridge structure were provided to the Contractor, but they would not have been fully representative of conditions at the ramp location. It is not a normal practice to take core samples for roadway sections. An earlier study of the soil conditions adjacent to the on-ramp concluded that the cut slope created by the on-ramp was self supporting hard rock and therefore would not require a retaining wall. This report was inadvertently omitted from the packet sent to the contractors for bid and might have provided clues to the bidders to expect hard rock in the on-ramp excavation area.
- Sewer Line Relocation. Portions of a sewer line extending the length of the project had to be relocated to avoid conflicts with the project. The city of Placerville desired that the entire sewer line be relocated and provided local funding to include the scope not requiring relocation by the project. The City hired a Consultant to provide the sewer relocation work plans and the subsurface soil data. However, the technique used to analyze the subsurface soil conditions was better suited for soft soils and therefore could not provide meaningful data regarding hard rock conditions. Ultimately the contractor ran into a large quantity of hard rock during excavation for the sewer line.

The Contractor also claimed costs due to delays, disruption and out-of-sequence work leading to inefficiencies due to the extra time and effort needed to complete the above mentioned two work items. After the construction contract was accepted, the Contractor disputed the Final Estimate and filed a claim of \$17,000,000. The claim was taken through the Dispute Review Board (DRB) process which includes independent representatives from industry. The DRB concluded that differing site conditions existed at these two locations.

The Department and the Contractor resolved the claim through mediation on March 27, 2012. To settle the claim, the Department agreed to pay \$6,000,000 with \$3,000,000 coming from this supplemental funds request. The City of Placerville has agreed to contribute \$600,000 with the remaining \$2,400,000 coming from the project contingency.

FUNDING OPTIONS:

OPTION A: Approve this request for supplemental funds, as presented above, for \$3,000,000, to close out the construction contract.

OPTION B: Deny this request and interest will start to accumulate on the balanced owed to the contractor. 10 percent interest starts July 26, 2012

RECOMMENDED OPTION:

The Department recommends that this request of \$3,000,000, as presented in Option A above, be approved to close out the construction contract.